

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 7
	:	
R. ESMERIAN, INC., and	:	Case No. 10-[]
RALPH ESMERIAN	:	Case No. 10-[]
	:	
Alleged Debtors.	:	

**AFFIDAVIT OF D. GEOFFREY HUNTER PURSUANT TO FEDERAL RULE OF
BANKRUPTCY PROCEDURE 1003**

1. I make this affidavit on behalf of Stewardship Credit Arbitrage Fund Ltd. (“SCAF Ltd.”), a petitioning creditor in the involuntary chapter 7 bankruptcy cases (the “Bankruptcy Cases”) to be filed by SCAF Ltd. and others against R. Esmerian, Inc. (“REI”) and Ralph Esmerian (“Esmerian,” and together with REI, the “Alleged Debtors”). I am fully familiar with the facts set forth herein either through my own personal knowledge or through a review of documents relevant to SCAF Ltd.’s claims against REI and Esmerian. If called to testify in connection with the involuntary bankruptcy cases, the following would constitute my testimony.

2. I am one of the Court appointed Liquidators of SCAF Ltd., am authorized to make this affidavit and to execute a petition commencing the Bankruptcy Cases on its behalf. SCAF Ltd. is a limited exempt company organized under the laws of Bermuda, with a principal place of business is located at 7 Church Street, Hamilton, HM EX, Bermuda. SCAF Ltd. is currently in liquidation proceedings pursuant to the Bermuda Companies Act of 1981. SCAF Ltd. is a creditor of REI as assignee of certain promissory notes and related documents, as described in greater below.

The REI Loan

3. On or about December 15, 2006, Acorn Capital Group LLC ("Acorn") entered into a Loan Agreement (the "REI Loan Agreement") pursuant to which Acorn made a loan to REI, initially in the amount of \$25 million and up to a maximum of \$40 million (the "REI Loan"). A true and correct copy of the REI Loan Agreement is annexed hereto as **Exhibit A**.

4. The REI Loan Agreement contemplated that the obligations due Acorn under the REI Loan Documents would be evidenced by one or more uncertificated Secured Registered Promissory Notes (each an "ESM Note" and collectively the "ESM Notes"). See Loan Agreement § 2(c).

5. The Obligations (as defined in the REI Loan Agreement) were guaranteed by Ralph Esmerian pursuant to a Guaranty dated December 15, 2006, as amended from time to time (the "Guaranty," and together with the REI Loan Agreement and all documents related or ancillary thereto (the "REI Loan Documents"). A copy of the Guaranty is annexed hereto as **Exhibit B**.


The Assignments

6. By a certain Assignment of Note(s), Causes of Action and Ancillary Documents dated September 11, 2009 (the "Assignment"), Acorn transferred, assigned, granted and conveyed to SCAF Ltd. those certain Secured Registered Promissory Notes Nos. ESM-1, ESM-2 and ESM-3 (dated December 15, 2006), ESM-7 and ESM-9 (dated December 21, 2006), ESM-12 (dated April 19, 2007), and ESM-13 (dated August 2, 2007) (collectively, the "Assigned Notes") payable by REI to Acorn in the aggregate principal amount of \$18,850,000.00 (the "Principal Amount"). A copy of the Assignment is annexed hereto as

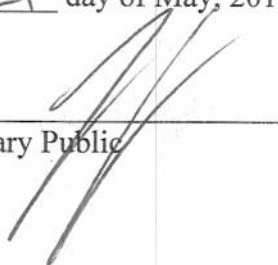
Exhibit C. SCAF Ltd. paid consideration equal to the Principal Amount, plus accrued interest, plus servicing fees due on the Assigned Notes for the Assigned Notes.

7. As of the date hereof, REI and Esmerian are indebted to SCAF Ltd. in the aggregate principal amount of \$18,850,000, plus unpaid interest, fees and other Obligations (as defined in the REI Loan Agreement) on account of the Assigned Notes. At least \$13,475.00 of the amount due SCAF Ltd. is unsecured.

8. The Assigned Notes were not assigned to SCAF Ltd. for the purposes of commencing the Bankruptcy Cases.


D. Geoffrey Hunter

Sworn to and Subscribed to me this
21 day of May, 2010


Notary Public

NICHOLAS J. HOSKINS
NOTARY PUBLIC
FOR AND IN THE ISLANDS OF BERMUDA
VICTORIA PLACE, 31 VICTORIA STREET
HAMILTON HM 10, BERMUDA
MY COMMISSION IS UNLIMITED AS TO TIME

